



File

WATEROUS

GM DIESEL LIMITED

AUTHORIZED DETROIT DIESEL ENGINE DISTRIBUTOR • SALES • PARTS • SERVICE

AR40

10025 - 51 AVENUE
BOX 5676, EDMONTON, ALBERTA
434-6471

To the Shareholders of Waterous G M Diesel Limited:

This is your Board's report on the progress of your Company in the first half of 1967:

After recent changes your Board is now composed as follows:
George J. Bryan, Q. C., Reg. C. Easton, L. de la Giroday, V. Hardy,
K. S. Langfeldt and Ian Robertson.

We welcome Messieurs Reg. C. Easton and K. S. Langfeldt, both prominent businessmen and citizens of Edmonton whose experience and advice will, we are sure, greatly contribute to the welfare of our Company.

The officers of your Company are:

Chairman of the Board: L. de la Giroday
President and General Manager: Ian Robertson
Secretary: George J. Bryan, Q. C.

As mentioned in the Annual Report our unprofitable construction equipment franchises were terminated and at June 30th, 1967 the used equipment inventory had been reduced by some 40% on a satisfactory basis relative to the inventory valuation, but some adjustment in prices may have to be made before all the equipment is sold. The contingent liability on financed equipment contracts has also been reduced by some 40% since December 31st, 1966, but repossession of equipment have had to be made which have resulted in losses which more than offset the profits made on equipment sales. It is anticipated that more losses on repossession will occur before the contingent liability is liquidated.

Our remaining operating line, the G. M. Diesel Engine House is proving to be satisfactory and the future looks promising.

Despite the losses sustained by the phasing out of the equipment division, the unaudited financial statement for the six months to June 30th, 1967 shows a profit of \$16,000.00, or 8¢ per share. However, your Board considers it will be some time before any dividend can be contemplated.

Edmonton, Alberta
August 18th, 1967

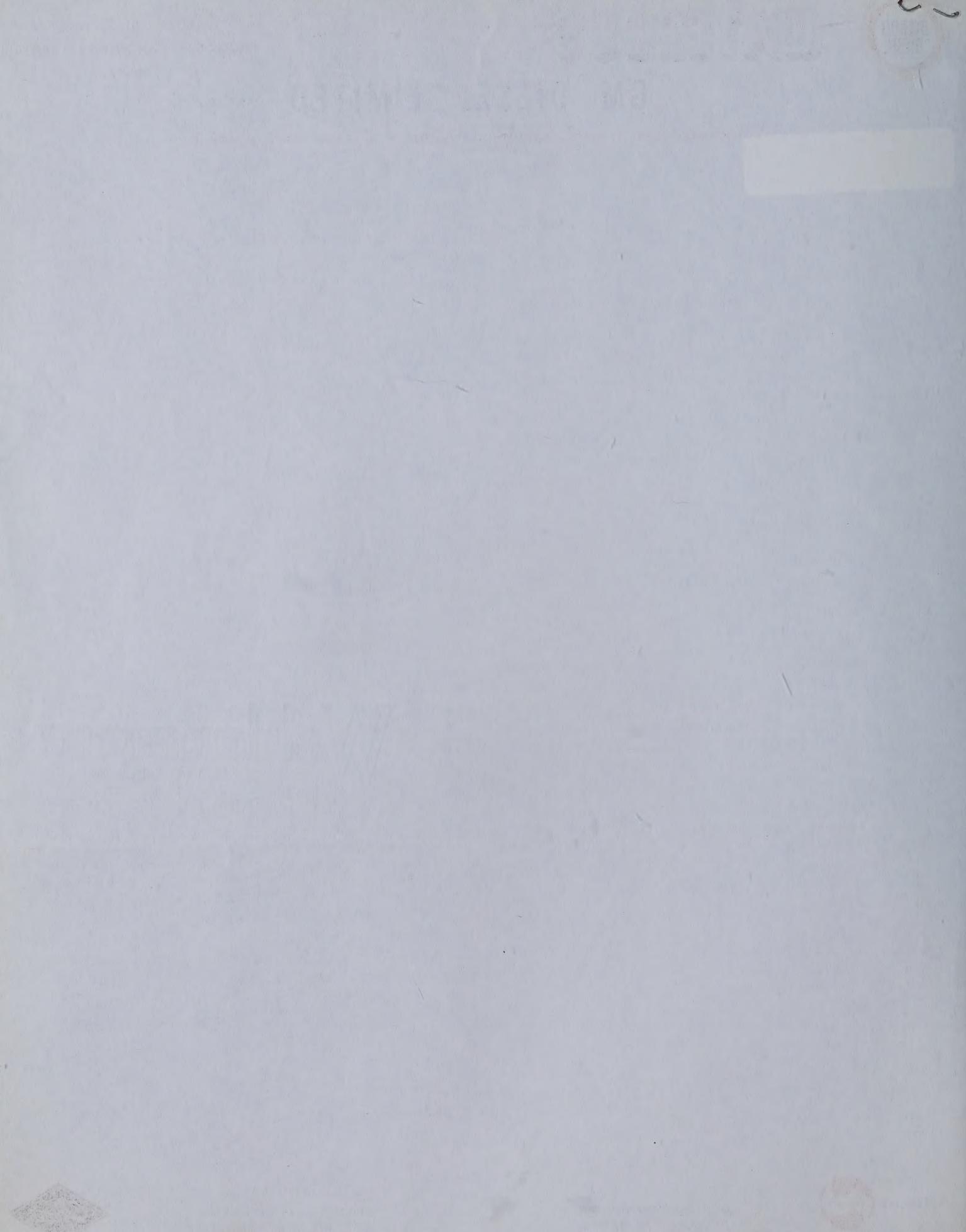
I. Robertson
President & General Manager

BRANCHES

404 - 42ND AVENUE S.E.
CALGARY, ALBERTA
243-7781

10029 - 97TH AVENUE
GRANDE PRAIRIE, ALBERTA
532-2396





WATEROUS GM DIESEL LIMITED AND SUBSIDIARIES

INTERIM STATEMENTS SUBJECT TO AUDIT AND YEAR-END ADJUSTMENTS

CONSOLIDATED STATEMENT OF EARNINGS

| | <u>Six months ended June 30th.</u> | |
|--------------------------------|------------------------------------|---------------------|
| | <u>1967</u> | <u>1966</u> |
| Income from sales and service | \$ 548,797 | \$ 986,026 |
| Income from investments | 12,765 | Ni1 |
| | <u>\$ 561,562</u> | <u>\$ 986,026</u> |
| Cost of sales & service | \$ 505,000 | \$ 1,070,697 |
| Interest on debentures | 24,375 | 32,500 |
| Provision for depreciation | 16,056 | 12,345 |
| | <u>\$ 545,431</u> | <u>\$ 1,115,542</u> |
| <u>Profit (Loss)</u> | <u>\$ 16,131</u> | <u>\$ (129,516)</u> |
| <u>Profit (Loss) per Share</u> | <u>.08¢</u> | <u>(.66¢)</u> |

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION
OF FUNDS

| | <u>Six months ended June 30th.</u> | |
|---|------------------------------------|-------------------|
| | <u>1967</u> | <u>1966</u> |
| Working capital at beginning of period. | \$ 2,279,511 | \$ 2,701,373 |
| Source of Funds: | | |
| Net earnings for the period | \$ 16,131 | - |
| Provision for depreciation | 16,056 | 12,345 |
| Proceeds from sale of fixed assets | 47,287 | 7,420 |
| Decrease in agreement for sale | 4,796 | 5,809 |
| Capital surplus(tax free dividends) | 420 | - |
| Debenture discount & other assets written off(and charged to expense) | - | 37,944 |
| | <u>\$ 84,690</u> | <u>\$ 63,518</u> |
| Application of funds: | | |
| Expenditure on fixed assets | \$ 30,174 | \$ 42,922 |
| Redemption of debentures | - | 50,000 |
| Net loss for period | - | 129,516 |
| | <u>\$ 30,174</u> | <u>\$ 222,438</u> |
| Net increase (decrease)in working capital. | \$ 54,516 | \$ (158,920) |
| Working capital at end of period | \$ 2,334,027 | \$ 2,542,453 |

